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IN THE

Supreme Court of the United States

OCTOBER TERM, 1948

No. 394

FILBEN MANUFACTURING COMPANY, INC., BERNICE M. FILBEN, PATRICIA A. FILBEN, ROSEMARY H. FILBEN, DELORES C. FILBEN, and BERNICE M. FILBEN, as Guardian of Patricia A. Filben, Rosemary H. Filben and Delores C. Filben,

Petitioners,

—v—

ROCK-OLA MANUFACTURING CORPORATION OF DELAWARE and ROCK-OLA MANUFACTURING CORPORATION OF ILLINOIS,

Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

Max Swiren
Ben W. Heineman
Hubert H. Nexon
Suite 1406
135 South LaSalle Street
Chicago 3, Illinois
Attorneys for Petitioners

John J. McKasy
600 Midland Bank Building
Minneapolis, Minnesota
Of Counsel

R. R. DONNELLEY & SONS CO., CHICAGO

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

To THE HONORABLE, THE CHIEF JUSTICE AND THE ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Now come the petitioners herein by their duly authorized attorneys and pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Eighth Circuit entered on July 6, 1948 (R. 153), rehearing denied August 16, 1948 (R. 159).

In support of this petition, your petitioners respectfully show:

Opinions Below

The district court did not prepare or publish an opinion. The opinion of the court of appeals (R. 142) is reported in 168 F. (2d) 919.

Jurisdiction

This Court's jurisdiction is invoked pursuant to Title 28, United States Code, § 1254(1).

Summary Statement of Matter Involved

In 1938, William M. Filben, now deceased, and the respondent Rock-Ola Manufacturing Corporation, a Delaware corporation, each owned letters patent pertaining to automatic phonographs. In August 1938, negotiations were undertaken by a general practitioner representing Mr. Filben and by a patent attorney representing the respondent, looking toward the execution of a cross-license agreement. (R. 69, 70, 71). The cross-license agreement was executed and delivered in Minnesota on September 27, 1938 (R. 14).

The license agreement contained the following sentence: (R. 12)

> "The license herein granted to Filben shall be non-transferable except to a corporation organized and controlled by Filben or except to Filben's heirs or legal representatives."

The license agreement granted to Filben the right to manufacture, use and sell all phonograph inventions then owned or controlled by the respondent, or thereafter acquired, and described it as a "non-exclusive indivisible license." (R. 11).

In 1940, Filben died intestate without having made any transfer of the license. Thereupon, by appropriate proceedings of the probate court, the license rights in question were vested in his widow and in his three minor daughters. (R. 73–76). In 1945, the widow, individually, and as guardian of her daughters,

transferred her individual interest and the interests of her wards in the license agreement to the corporate petitioner formed for the purpose of receiving and exercising such rights, in exchange for stock control of that corporation. (R. 90). Thereafter, the corporate petitioner entered into an exclusive agreement with a manufacturing corporation to manufacture, for the corporate petitioner, machines embodying the licensed invention. (R. 32–37). Later it entered into an agreement to sell another corporation the entire output of automatic phonographs. (R. 39–42). Both of these agreements were terminated prior to trial. (R. 123)

The respondent is a large manufacturer of automatic phonographs, responsible, with two other manufacturers, for the manufacture of eighty-five percent, and responsible individually for the manufacture of twenty-one percent, of all phonographs of this type manufactured in the United States. (R. 52)[1]

The respondent brought suit against the petitioners in the United States District Court for the District of Minnesota, Third Division. It sought a declaratory judgment to the effect that the individual petitioners had no right to assign their interests in the license agreement to the corporate petitioner, and that the corporate petitioner had no right to contract for the manufacture or sale of such phonographs. (R. 4). Both the complaint and the answer put into issue the question of whether the real intent of the parties (regardless of the language used in the license agreement) was that the heirs of William Filben were to have his right to assign the license agreement to a controlled corporation. (R. 6, 16).

Sharply conflicting oral testimony was offered and received

[1]By an assignment prior to litigation, Rock-Ola Manufacturing Corporation, a Delaware corporation transferred all of its assets to an Illinois corporation of the same name. Subsequent to litigation, the assets were reassigned by the Illinois corporation to the Delaware corporation and the Delaware corporation was joined as party plaintiff. The Illinois corporation having no further interest in the litigation, we shall refer to the Delaware corporation as the respondent.

as to the intent of the parties to the license agreement. The district court found all issues of fact and law in favor of the petitioners and expressly found that it was the mutual intent of the parties that the Filben heirs should have the same rights of assignment as were possessed by William Filben, their husband and father. (R. 122). Thereupon, in conformity to the applicable Minnesota law, the district court treated the license agreement as reformed to reflect that intent. (R. 122–124). The district court also construed the license agreement as not prohibiting the corporate defendant from contracting with other corporations for the manufacture and sale of the phonograph. (R. 123).

Without considering a single Minnesota decision, but relying exclusively upon federal decisions prior to *Erie Railroad Co.* v. *Tompkins* and arising from district courts sitting in states other than Minnesota, the court of appeals reversed the district court. The court of appeals (a) construed the license agreement as prohibiting the individual petitioners from transferring their interests to a controlled corporation; (b) independently weighed the conflicting oral testimony of three witnesses and disregarded or set aside the trial court's findings based exclusively on such testimony as to the mutual intent of the parties to the license agreement; (c) concluded, still without reference to Minnesota law, that mutual mistake had not been established and that there was no occasion for reformation of the license agreement; and (d) construed the license agreement as prohibiting the petitioners from contracting for the manufacture and sale of the phonographs by others. (R. 142–153).

Thereafter, in reliance upon the decision of the Court of Appeals for the Eighth Circuit, the respondent filed eight suits in five United States district courts lying in four other judicial circuits against companies now manufacturing or selling the Filben phonograph for the petitioners. There is annexed hereto an affidavit listing such judicial proceedings.

Questions Presented

I. Whether the court of appeals erred in determining that the construction of a cross-license agreement under United States letters patent was a matter of federal law, rather than a matter of state law.

II. Whether the court of appeals erred in determining and applying general law rather than local law with respect to the doctrine of mutual mistake and the right to reformation upon proof of mutual mistake.

III. Whether under Rule 52(a) of the Federal Rules of Civil Procedure, the court of appeals had the power to weigh the sharply conflicting testimony of three witnesses as to the mutual intent of the parties to the license agreement and to disregard and set aside the express finding of the district court resting exclusively on such testimony that the mutual intent of the parties was as contended by the petitioners.

IV. Whether the court of appeals erred in deciding without regard to, and in conflict with, the decisions of the Supreme Court of Minnesota that

(a) The cross-license agreement prohibited the Filben heirs from assigning the license to a controlled corporation, or that

(b) An adequate showing of mutual mistake had not been made so as to entitle the parties to a reformation of the cross-license agreement.

V. Whether the court of appeals erred in construing the license agreement so as to preclude the petitioners from contracting with others for the manufacture of phonographs embodying the licensed patents, or for the sale to others of all of the phonographs manufactured by or for the petitioners.

Reasons for Granting Certiorari

I.

In deciding that the construction of a cross-license agreement under United States letters patent was governed by federal rather than local law, the court of appeals either (a) decided an important federal question in conflict with *Erie Railroad Co. v. Tompkins* and other applicable decisions of this Court, or (b) decided an important federal question which has not been but should be settled by this Court.

The court of appeals was faced with the necessity of construing a cross-license agreement under United States letters patent. Apparently under the misapprehension that the construction of a cross-license agreement under United States letters patent was a matter of federal law, the court of appeals reversed the district judge sitting in Minnesota, relying exclusively upon federal decisions prior to *Erie Railroad Co. v. Tompkins*, 304 U.S. 64 (1938), and without reference to any Minnesota decisions or to Minnesota law. That the court of appeals was applying federal rather than state law may properly be determined from an examination of the authorities upon which it relied. As this Court said in *Klaxon Company v. Stentor Electric Mfg. Co., Inc.*, 313 U.S. 487, 496 (1941):

> "Application of the New York statute apparently followed from the court's independent determination of the 'better view' without regard to Delaware law, for no Delaware decision or statute was cited or discussed."

It is, of course, established that the construction of contracts generally is a matter of local and not federal law. And failure to apply local law is not merely error, but constitutes an unconstitutional usurpation of power by the court of appeals.

Erie Railroad Co. v. Tompkins, 304 U.S. 64 (1938); *Ruhlin v. New York Life Insurance Co.*, 304 U.S. 202 (1938).

Nor is a different conclusion permissible because the particular contract involved happens to be a cross-license agreement under United States letters patent. Thus, it has regularly been held that the federal courts are without jurisdiction to entertain suits upon license and other contracts involving patents in the absence of diversity of citizenship. *Luckett v. Delpark, Inc.*, 270 U.S. 496 (1926); *Geneva Furniture Manufacturing Co. v. S. Karpen & Bros.*, 238 U.S. 254 (1915); *Excelsior Wooden Pipe Co. v. Pacific Bridge Co.*, 185 U.S. 282 (1902). As a corollary, this Court has held that although the federal courts have exclusive jurisdiction of all cases arising under the patent laws, the state courts have jurisdiction of suits upon contracts involving patents. *New Marshall Engine Co. v. Marshall Engine Co.*, 223 U.S. 473 (1912). *Cf. Miller v. O.B. McClintock Co.*, 210 Minn. 152, 297 N.W. 724 (1941).

In *Sola Electric Co. v. Jefferson Electric Co.*, 317 U.S. 173 (1942), this Court mooted the question of whether (absent a violation of the federal anti-trust laws) federal or state law governed the alleged estoppel of a licensee to challenge the validity of a patent (at 175). We do not believe that the *Sola* case intended to call into question the line of decisions just noted.[2] But for the purpose of determining whether the writ should issue, it is immaterial. If the *Sola* case does not call the prior decisions into question, then the court of appeals decided an important question of federal law in conflict with applicable decisions of this Court; if it does call the prior decisions into question, then the court of appeals, in applying feder-

[2] For example, in *Nachman Spring-Filled Corporation v. Kay Mfg. Co.*, 139 F. (2d) 781, 784 (C.C.A. 2d 1943), the court seemed to construe the *Sola* case as suggesting that state law would apply, absent a violation of the anti-trust laws. But *cf. MacGregor* v. *Westinghouse Electric & Manufacturing Co.*, 329 U.S. 402 (1947).

al law to the construction of a cross-license agreement under United States letters patent, has determined an important question of federal law, which should be authoritatively settled by this Court.

II.

In determining and applying general law with respect to mistake and reformation rather than Minnesota law, the decision of the court of appeals conflicts both with applicable decisions of this Court and with decisions of other courts of appeals.

The district court made express findings that the intent of the parties was that the Filben heirs should have the right to assign the cross-license agreement to a controlled corporation and treated the agreement as reformed to reflect that intent. (R. 122). In determining the legal principles governing mistake and reformation, the court of appeals relied exclusively upon federal decisions, all prior to *Erie v. Tompkins*, and made no investigation of, or reference to, the law of Minnesota. (R. 149–50). As will appear hereafter (*infra*, pp. 16–18), there are numerous Minnesota decisions establishing the local law with respect to mistake and reformation.

As we have pointed out, proceeding without regard to Minnesota law constituted an unconstitutional usurpation of power by the court of appeals. *Erie Railroad Co. v. Tompkins*, 304 U.S. 64, 77-80 (1938). Moreover, such a procedure is in direct conflict with two decisions of the United States Court of Appeals for the Tenth Circuit.

Thus, in *Tulsa City Lines v. Mains*, 107 F. (2d) 377 (C. C. A. 10th, 1939), that court was faced with the necessity of applying

the law of mistake to an unconditional, unambiguous release. The Court of Appeals for the Tenth Circuit said (at 380):

> "It is urged that the court was not authorized as a matter of law to set aside the release on the ground of mutual mistake. The question must be determined by the law of the State of Oklahoma."

In *Montgomery Ward & Co. v. Callahan*, 127 F. (2d) 32 (C. C. A. 10th, 1942), the same court was faced with precisely the same question which this time arose in a district court sitting in Kansas. In that case, the court of appeals said "the soundness of this position must be determined from the laws and decisions of Kansas." (127 F. (2d) at 34). The court then considered the law of Kansas. It properly regarded its prior decision applying the law of Oklahoma to the same issue as irrelevant and did not even cite it.

This correct procedure should be contrasted with that of the court of appeals in this case where principal reliance was placed upon its own prior decision in *Westinghouse Electric & Mfg. Co. v. Tri-City Radio Electric Supply Co.*, 23 F. (2d) 628 (C. C. A. 8th, 1927), a case decided prior to the *Erie* case and arising from an Iowa district court. At that time, the court was bound to apply, not local law as now, but general law. *Black & White Taxicab Co. v. Brown & Yellow Taxicab Co.*, 276 U.S. 518 (1928).

III.

In independently weighing the conflicting testimony of three witnesses and disregarding the finding of fact of the district court resting exclusively on such testimony, the court of appeals either disregarded or wrongly interpreted Rule 52 (a) of the Federal Rules of Civil Procedure.

Both the complaint and the answer put squarely into issue

the question of the intent of the parties with respect to the transferability of the cross-license agreement. (R. 6, 16).[3]

The license agreement was negotiated by Mr. Baskfield on behalf of Mr. Filben, the father and husband of the individual petitioners, and by Mr. Davis, on behalf of the respondent. Both of these persons testified as to the mutual intent of the parties. In addition, Mr. Rockola, respondent's president, also testified as to his own intent. Mr. Baskfield testified that as part of the negotiations, he had requested that something be done "to take care of the heirs so they would stand in the shoes of Mr. Filben." (R. 71). He testified to a conversation with Mr. Davis in drafting the cross-license agreement to the effect that "we were attempting to get language in there that would place them [the heirs] in the shoes of Mr. Filben in the event of his death." (R. 72). And later on, he testified as follows: (R. 72–73)

> "Q. Was any representation made that paragraph 4 as drafted would confer the same rights on Filben's heirs that Mr. Filben would enjoy under the agreement?
>
> "A. Well, Mr. Davis and I discussed it at the time it was drafted, and we were both in agreement that the heirs would stand in the shoes of Mr. Filben.
>
> "Q. The same position as Mr. Filben?
>
> "A. Yes.

[3] Paragraph VI of the complaint is in part as follows: "Plaintiff avers that it was the *intention of the parties* to said Filben-Rock-Ola agreement that . . . in the event of the decease of said William M. Filben without his having transferred said license, his heirs and legal representatives should succeed to the licensed rights by said agreement granted to said Filben personally, but without acquiring any right to transfer to any other person or corporation the right to manufacture and sell the patented phonographs." (R. 6).

Paragraph III of the answer alleges that "it was the *intention of the parties* to the agreement . . . to extend to the heirs of William M. Filben all of the rights, privileges, and immunities granted to said William M. Filben, including the right to transfer to the corporation controlled by said heirs the said Filben-Rock-Ola agreement." (R. 16).

"Q. Did you so assume when this agreement was drafted?

"A. I did.

"Q. And that very subject was discussed between you and Mr. Davis?

"A. Yes."

Davis testified on behalf of the respondent. (R. 111–113). In particular, he testified as follows: (R. 113)

"Q. Was there any intent in your mind or activity with respect to the consummation of this agreement that the right to assign to a corporation the interests inherited by the Filben heirs should be vested in them?

"A. Certainly not."

Upon this diametrically opposed testimony, the district court found that: (R. 122)

"5. It was the intention of the parties to said license agreement to grant, and by said agreement there was granted, to the heirs of the said William M. Filben the right to transfer and assign their license rights thereunder to a corporation controlled by them."[4]

The court of appeals disregarded both the testimony and the finding of the district court. After wrongly saying that there was no claim that there was a mutual mistake, the court of appeals said (R. 150):

---

[4] It should be kept in mind in connection with the words "and by said agreement there was granted" that under well-established Minnesota law, nothing need be done to reform an instrument where the facts show a mutual mistake, and the trial court is under a duty to treat the instrument as reformed. *Leach v. Leach*, 162 Minn. 159, 202 N.W. 448 (1925) (discussed *infra*, pp. 16–17); *First National Bank v. Northwestern Trust Co.*, 181 Minn. 115, 231 N.W. 790 (1930). As the Supreme Court of Minnesota put it in the *Leach* case, "an actual reformation was not necessary, for, if the right to a reformation is shown, the court should treat the defective instrument as reformed."

> "The most that can be said with reference to this testimony is that the attorney representing the interest of the defendants at the time of the negotiations leading to the execution of the license contract thought that the rights to be granted Filben should extend, in the event of his death, to his heirs, but the attorney for the plaintiff had no such thought, nor did Mr. Rockola, who represented the plaintiff, *and hence, there could have been no mutual mistake.*" (Italics supplied)

This summary by the court of appeals completely misstates the testimony by Baskfield that it was the *mutual* understanding between him and Davis that the Filben heirs were to have the same rights as Filben. (R. 71-73).

Moreover, in weighing the testimony of the three witnesses, the court of appeals disregarded the opportunity of the trial court to judge their credibility and disregarded his right to disbelieve Messrs. Rockola and Davis if he saw fit to do so. The court of appeals disregarded the clear command of Rule 52(a) that the trial court's "findings of fact should not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses." It is so well settled as not to require the citation of authority that where the findings of a trial court rest exclusively upon a conflict of testimony between witnesses, his findings are unassailable. See *e.g. Walling v. General Industries Co.*, 330 U.S. 545 (1947); *United States v. Aluminum Co. of America*, 148 F. (2d) 416, 433 (C.C.A. 2d 1945).

IV.

The decision of the court of appeals is in conflict with applicable decisions of the Supreme Court of Minnesota with respect to important questions of local law.

The fact that the court of appeals applied federal law to the construction of a cross-license agreement, and federal law to

determine the applicable doctrine of mistake and reformation, is of itself a sufficient ground for the issuance of a writ of certiorari, even though subsequent examination should prove the law of Minnesota to be identical to that applied. But in point of fact, the decision of the court of appeals is in conflict with numerous decisions of the Supreme Court of Minnesota.

A. The Minnesota Courts Regularly Permit Resort to Extrinsic Evidence Where the Agreement is Ambiguous, or Even if Unambiguous, Where it Becomes so When Applied to the Subject Matter.

One of the critical questions is whether the heirs of William Filben possessed the right under the cross-license to transfer the license to a controlled corporation. The pertinent provision of the agreement is as follows: (R. 12)

> "The license herein granted to Filben shall be non-transferable except to a corporation organized and controlled by Filben or except to Filben's heirs or legal representatives."

The court of appeals, without regard to Minnesota law, held this language to be unambiguous, hence not to permit extrinsic evidence of the intent of the parties as an aid to its interpretation, and construed it as preventing the heirs from transferring the license in the same manner as could Mr. Filben. It is true that the phrase "except to Filben's heirs or legal representatives" has an unambiguous literal meaning. But when the language is read in connection with the right given to Filben to transfer "to a corporation organized and controlled by Filben," and when it is sought to be applied to the subject matter of the contract, the result is so incongruous as to make clear that, at very least, extrinsic aids to construction are urgently required.

Thus, if Mr. Filben in his lifetime had transferred his license to a controlled corporation, as he had an admitted right to do,

and then died, the petitioners would have inherited his shares of stock and be unchallenged in precisely the position in which they now are. But it is now urged, and the court of appeals found, without a semblance of rational purpose, that the Filben heirs are now unable to do that which could have been done for them by Mr. Filben. The absurdity and incongruity of this interpretation are emphasized when it is noted that Mr. Filben, who needed it less, could secure the protection and effectiveness of a corporate organization, while his heirs, a widow and three minor daughters, are required to engage in the development of the licensed patents in their individual capacities.

It is well settled by Minnesota law that when the application of seemingly clear language to the subject matter of the contract produces incongruity, evidence of intent is admissible to aid interpretation.

In *Wilmot v. Minneapolis Automobile Trade Association*, 169 Minn. 140, 210 N.W. 861 (1926), the agreement entitled the plaintiff to ten percent "of the net profits or net receipts" of an automobile show. The supreme court approved the resort by the trial court to parol evidence to show that what was intended was a peculiar and unorthodox method of computing the commissions. The Supreme Court of Minnesota said:

> "The duty of courts is to apply contracts to their subject-matter and so effect the purpose of the parties. Their interpretation is incidental. To accomplish the main object, resort may and frequently must be had to the circumstances under which the contract was made, and, if there be need for resort to extraneous aids to construction, it is immaterial whether such need arises from an uncertainty in the instrument itself, or that being clear, standing alone, it ceases to be so, and ambiguity arises when the contract is applied to its subject-matter. In either case construction must follow, and resort must be had to the aids furnished by extrinsic circumstances. The prohibition of the law is

not against their being used for interpretation, but against making them the instruments of contradiction of an expressed contractual intent. The old distinction between patent and latent ambiguities, never more than 'an unprofitable subtlety' (Thayer, Preliminary Treatise on Evidence, 434), 'so far as contracts are concerned, * * * may be wholly disregarded.' 2 Williston on Contracts, §627.

* * *

"The query is: Was it proper to admit testimony that the audit was made in the same manner that it had been for years, and that during all the time plaintiff had acquiesced in it? A negative answer is impossible, because it would thwart the one purpose of construction, which is to ascertain the intention of the parties themselves. It would sacrifice rationalism to that 'primitive formalism which views the document as a self-contained and self-operative formula,' rather than an instrument the whole of which is in relation to extrinsic matter, and concerning which very frequently there can be no adequate understanding of purpose, without first an understanding of the extrinsic facts and things upon which the writing must have its only operation. 4 Wigmore on Evidence, 3499." (Underscoring supplied)

This liberal attitude of the Minnesota courts has been reaffirmed time and time again. For example, in *In re Soper's Estate*, 196 Minn. 60, 264 N.W. 427 (1935), the court cited the *Wilmot* case with approval and approved the use of parol evidence to show that when the settlor of an insurance trust used the term "wife" to describe the beneficiary, he did not mean his lawful wife, but the woman with whom he was living.

In *A. E. Little Co.* v. *John W. Thomas & Co., Inc.* 174 Minn. 87, 218 N.W. 242 (1928), the supreme court construed an agreement by the lessee to purchase the fixtures installed by the lessor "in the event the term of this lease shall be extended" as not to mean extension by operation of law. See also *City of Marshall v. Gregoire*, 193 Minn. 188, 259 N.W. 377 (1935).

And in the *Little* case, as well as throughout the Minnesota decisions, there appears the constant warning that "contracts are to be construed so far as possible to avoid absurd or unjust results." *Burnett v. Hopwood*, 187 Minn. 7, 244 N.W. 254 (1932).

Examination of these and other Minnesota cases leads to the inevitable conclusion that under Minnesota law the absurd conclusion reached by the court of appeals would have been avoided, and that, in any event, the Minnesota court would have permitted the use of parol evidence as an aid to construction.

B. In Any Event, under Minnesota Law, Proof of Intent Was Plainly Admissible to Show Mutual Mistake and the Minnesota Courts Are Extremely Liberal in the Application of the Doctrine.

Quite apart from the use of parol evidence to show intent as an extrinsic aid to construction, the Supreme Court of Minnesota has regularly held that proof of intent is always admissible to show mutual mistake, and that mistake as to the legal meaning of the words used is a ground for reformation. Here, too, the Minnesota court is extremely liberal.

A leading case is that of *Leach* v. *Leach*, 162 Minn. 159, 202 N.W. 448 (1925). The case seems to us to be on all fours with this one and to control its disposition. There a son and daughter-in-law borrowed $2,000 from the mother, giving an unqualified promissory note to repay the money with interest. The mother brought suit upon the promissory note in a law case before a jury. The promissory note, of course, was completely unambiguous. The daughter-in-law introduced evidence to show that it was never intended that the principal should be repaid to the mother in her lifetime, but that it had been the intent of the parties that the money was to constitute an advance to the son against his mother's estate. The jury returned

a verdict for the defendants. Upon appeal based upon the supposed error in receiving the evidence of intent, the Supreme Court of Minnesota affirmed, saying:

> "If it was the intention of the parties that the relation of debtor and creditor should not exist, they made a mistake in wording the note as they did. The note is presumed to set forth correctly the agreement they made, but parol evidence is admissible to show a mutual mistake in reducing the terms of the agreement to writing. If the note were reformed by striking out the provision for the payment of the principal, it would express the true agreement of the parties and prejudice the rights of no one. Although the provisions of the note were known when it was executed, the parties were mistaken as to the legal effect of the instrument. In such a case equity will correct the mistake and make the instrument conform to the true agreement, for the rigor of the doctrine that there can be no reformation for a mistake of law has been greatly relaxed. Hines v. Bauer (Minn.) 197 N.W. 483; Dun. Dig. & Supp. §8330.
>
> "Had the respondent brought suit for a reformation of the note, she would have prevailed if she established to the satisfaction of the court the facts upon which she here relies as a defense.
>
> * * *
>
> "Instead of following the cumbrous mode of procedure which formerly prevailed, she could plead defensively any facts which would give her a right to have the note reformed. An actual reformation was not necessary, for, if the right to a reformation is shown, the court should treat the defective instrument as reformed. Rogers v. Castle, 51 Minn. 428, 53 N.W. 651; Scofield v. Quinn, 54 Minn. 9, 55 N.W. 745; Pomeroy's Code Remedies, §30, 31, 32, 34."

In *Segerstrom* v. *Holland Piano Mfg. Co.*, 155 Minn. 50, 192 N.W. 191 (1923), the Supreme Court of Minnesota held that even though the parties intended to use the very words em-

ployed, if the words did not express the meaning which the parties intended to convey and there is a mistake as to their legal meaning and effect, reformation will be granted. *Accord: Wall* v. *Meilke*, 89 Minn. 232, 94 N.W. 688 (1903); *Papke* v. *Pearson*, 203 Minn. 130, 280 N.W. 183 (1938).

The pleadings put the intent of the parties squarely in issue. (R. 6, 16). The trial court found the intent of the parties to the license agreement to be that the Filben heirs should have the right to transfer the license to a controlled corporation. The court of appeals concluded that the language of the license agreement did not permit such a transfer. Under these circumstances, Minnesota law requires the reformation of the license agreement. Moreover, under Minnesota law it was unnecessary for the trial court affirmatively to reform the agreement, but rather, it was his duty, with or without actual reformation, to treat the agreement as reformed. *Leach v. Leach*, 162 Minn. 159, 202 N.W. 448 (1925); *First National Bank* v. *Northwestern Trust Co.*, 181 Minn. 115, 231 N.W. 790 (1930). This the district court did. (R. 122).

We think it is worth noting that although the district judge has had long experience with Minnesota law, none of the judges of the court of appeals had been Minnesota attorneys. *Cf. Hillsborough* v. *Cromwell*, 326 U.S. 620, 630 (1946).

V.

The volume of litigation provides still another reason why the writ of certiorari should issue.

Following the decision of the court of appeals here sought to be reviewed, the respondents have filed eights suits in five districts lying in four judicial circuits against persons manufacturing or selling the Filben phonograph for the corporate peti-

tioner pursuant to the assignment of the license agreement by the Filben heirs. The suits are for infringement of the licensed patents. An affidavit annexed hereto lists such litigation. Volume of litigation has been recognized as at least a partial ground for the issuance of the writ. *United States* v. *Constantine*, 296 U.S. 287 (1935); Frankfurter and Fisher, *The Business of the Supreme Court at the October Terms, 1935 and 1936*, 51 Harv. L. Rev. 576, 597 (1938).

The review by this Court of the decision of the court of appeals and the determination of the questions thereby presented would relieve the lower federal courts by making unnecessary this extensive litigation. Moreover, it would relieve the petitioners, as small manufacturers, from the oppressive burden and adverse competitive effects of large-scale litigation against one of the most powerful factors in the industry. (R. 52, 63).

Wherefore, the petitioners pray for the allowance of a writ of certiorari to the United States Court of Appeals for the Eighth Circuit in the case entitled *Rock-Ola Manufacturing Corporation, et al.*, Appellants, vs. *Filben Manufacturing Company, et al.*, Appellees, No. 13695, in order that this case may be reviewed and determined by this Honorable Court.

MAX SWIREN
BEN W. HEINEMAN
HUBERT H. NEXON,
Attorneys for Petitioners

JOHN J. MCKASY
600 Midland Bank Building
Minneapolis, Minnesota
Of Counsel

AFFIDAVIT

STATE OF ILLINOIS }
} SS
COUNTY OF COOK }

The undersigned, Ben W. Heineman, being first duly sworn according to law, deposes and says:

1. That he is one of the attorneys for the petitioners and one of the attorneys for the Filben Corporation and for the National Filben Corporation, corporations duly organized and existing under the laws of the State of Illinois, and, respectively, manufacturing and selling the Filben phonograph for the account of the corporate petitioner pursuant to the transfer from the individual petitioners to the corporate petitioner of the cross-license agreement constituting the subject matter of these proceedings.

2. Subsequent to the decision of the Court of Appeals for the Eighth Circuit in the proceedings entitled *Rock-Ola Manufacturing Corporation, et al.*, v. *Filben Manufacturing Company, Inc., et al.*, Docket No. 13695, the respondent has instituted legal proceedings for infringement of the licensed patents against persons manufacturing or selling for the petitioners and against their sales agents as follows:

Name of Proceeding	District Court of the United States	Docket Number
Rock-Ola Manufacturing Corporation vs. Filben Corporation	Northern District of Illinois, Eastern Division	48C1455
Rock-Ola Manufacturing Corporation vs. National Filben Corporation	Northern District of Illinois, Eastern Division	48C1456
Rock-Ola Manufacturing Corporation vs. Apex Cigarette Service, Inc.	Northern District of Illinois, Eastern Division	48C1457

Name of Proceeding	District Court of the United States	Docket Number
Rock-Ola Manufacturing Corporation vs. Jack Nelson, d.b.a. Jack Nelson Co.	Northern District of Illinois, Eastern Division	48C1458
Rock-Ola Manufacturing Corporation vs. James P. Blackwell, d.b.a. Blackwell Distrilbuting Co.	District of Colorado	2547
Rock-Ola Manufacturing Corporation vs. E. T. Mape Distributing Co.	Northern District of California, Southern Division	28348-R
Rock-Ola Manufacturing Corporation vs. William Shayne, d.b.a. Shayne-Dixie Music Company	Southern District of Florida	2679-M
Rock-Ola Manufacturing Corporation vs. United Coin Machine Co., Inc.	Eastern District of Wisconsin	4593

Further affiant sayeth not.

/s/ B. W. Heineman

Subscribed and sworn to before me
this 2nd day of November, 1948.

/s/ B. A. Boehm,
Notary Public

NOTARIAL SEAL